

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Fair Haven Commons, located at 1695 Sunset Avenue in Fairfield, requested and is being recommended for a reservation of \$2,021,714 in annual federal tax credits to finance the new construction of 71 units of housing serving special needs tenants with rents affordable to households earning 20-60% AMI of area median income (AMI). The project will be developed by MidPen Housing Corporation and will be located in Senate District 3 and Assembly District 11.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

Project Number CA-21-010

Project Name Fair Haven Commons
Site Address: 1695 Sunset Avenue
Fairfield CA, 94533 County: Solano
Census Tract: 2526.080

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,021,714	\$0
Recommended:	\$2,021,714	\$0

Applicant Information

Applicant: MidPen Housing Corporation
Contact: Jan M. Lindenthal
Address: 303 Vintage Park Drive, Suite 250
Foster City CA 94404
Phone: 650-356-2900
Email: jlindenthal@midpen-housing.org

General Partner(s) / Principal Owner(s): MP 1700 Santa Monica LLC
General Partner Type: Nonprofit
Parent Company(ies): MidPen Housing Corporation
Developer: MidPen Housing Corporation
Investor/Consultant: Affordable Housing Financial Consultant
Management Agent(s): MidPen Property Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 8
Total # of Units: 72
No. & % of Tax Credit Units: 71 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: HUD Section 8 Project-based Vouchers (51 units - 72%)

Information

Set-Aside: Nonprofit (homeless assistance)
 Housing Type: Special Needs
 Type of Special Needs: Homeless/formerly homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 39.30%
 % of Special Need Units: 54.93 units 50.00%
 Geographic Area: Northern Region
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 20% AMI: 15	20%
At or Below 30% AMI: 21	25%
At or Below 40% AMI: 3	0%
At or Below 50% AMI: 18	25%

Unit Mix

6 SRO/Studio Units
30 1-Bedroom Units
30 2-Bedroom Units
6 3-BedroomUnits
72 Total Units

Unit Type & Number	2020 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
2 SRO/Studio	20%	\$324
9 1 Bedroom	20%	\$347
4 2 Bedrooms	20%	\$416
4 SRO/Studio	30%	\$486
9 1 Bedroom	30%	\$520
6 2 Bedrooms	30%	\$624
2 3 Bedrooms	30%	\$721
3 2 Bedrooms	40%	\$833
7 1 Bedroom	50%	\$867
8 2 Bedrooms	50%	\$1,041
3 3 Bedrooms	50%	\$1,202
5 1 Bedroom	60%	\$1,041
8 2 Bedrooms	60%	\$1,249
1 3 Bedrooms	60%	\$1,443
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,339,259
Construction Costs	\$23,551,923
Rehabilitation Costs	\$0
Construction Contingency	\$1,372,905
Relocation	\$0
Architectural/Engineering	\$1,079,312
Const. Interest, Perm. Financing	\$1,545,810
Legal Fees	\$129,758
Reserves	\$726,412
Other Costs	\$3,451,903
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$37,397,281

Residential

Construction Cost Per Square Foot:	\$356
Per Unit Cost:	\$519,407
True Cash Per Unit Cost*:	\$464,226

Construction Financing

<u>Source</u>	<u>Amount</u>
Union Bank	\$22,386,581
Fairfield Housing Authority	\$2,200,000
Fairfield Housing Authority Land Donation	\$2,973,000
Impact Fee Waiver	\$1,000,000
Solano County WPC Grant	\$1,603,827
AHP	\$710,000
CAP Solano JPA Grant	\$872,482
General Partner Equity	\$100
Tax Credit Equity	\$1,718,457

Permanent Financing

<u>Source</u>	<u>Amount</u>
Union Bank	\$6,219,000
Fairfield Housing Authority	\$2,200,000
Fairfield Housing Authority Land Donatior	\$2,973,000
Impact Fee Waiver	\$1,000,000
Solano County WPC Grant	\$1,603,827
HCD NPLH - Non-Competitive	\$1,711,136
HCD NPLH - Competitive	\$3,026,167
AHP	\$710,000
CAP Solano JPA Grant	\$872,482
General Partner Equity	\$100
Tax Credit Equity	\$17,081,569
TOTAL	\$37,397,281

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,279,607
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,463,489
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$2,021,714
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Affordable Housing Financial Consultant
Federal Tax Credit Factor:	\$0.84491

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Special Needs
Final:	85.441%

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, the City of Fairfield, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within 1/3 mile of transit, service every 30 minutes in rush hours	6	6	6
Within 1/2 mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within 1 mile of a full-scale grocery/supermarket of at least 25,000 sf	4	4	4
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.